

## **AFFORDABLE HOUSING PROGRAM QUESTIONS AND ANSWERS**

**Q:** Who is eligible?

**A:** City residents, full-time City of Gaithersburg employees, Public Safety Workers and employees of K-12 Montgomery County schools are eligible to participate in the program so long as they meet income requirements and are U.S. citizens or permanent legal residents.

**Q:** Who is eligible for priority status?

**A:** Full-time City of Gaithersburg employees, Public Safety Workers (full-time federal, state, or local law enforcement personnel, Emergency Medical Technicians, and fire fighters having some jurisdiction in Gaithersburg), or K-12 Montgomery County public school employees and employees of private educational institutions licensed by the State of Maryland who have been employed in one of those categories for at least 365 days prior to the date on which an application for an available unit has been received will be placed in a priority category. However, in cases of redevelopment, displaced tenants who apply for the program and who meet income and other eligibility requirements, will be given the first opportunity to purchase or rent a unit in the redeveloped project before those units may be offered to other eligible participants.

**Q:** What income ranges apply?

**A:** Permissible income ranges will be adjusted annually depending on income changes in our area. Based on 2006 income figures, the following ranges would apply:

### **For Moderately Priced Dwelling Units (MPDUs):**

1 person household: \$37,926 to \$50,568  
2 people household: \$43,344 to \$57,792  
3 people household: \$48,762 to \$65,016  
4 people household: \$54,180 to \$72,240

### **For Workforce Housing Units (WFHUs)**

1 person household: \$50,568 to \$75,852  
2 people household: \$57,792 to \$86,724  
3 people household: \$65,016 to \$97,524  
4 people household: \$72,240 to \$108,360

Q: How much will a unit cost to rent?

A: Based on 2006 figures:

Studio:	\$790
One Bedroom:	\$846
Two Bedroom:	\$959
Three Bedroom:	\$1072

Q: How much will an affordable unit cost to buy?

A: Based on 2006 figures:

MPDUs will cost approximately:

Studio:	\$147,240
One Bedroom:	\$157,809
Two Bedroom:	\$178,904
Three Bedroom:	\$200,000
SF Home:	\$218,881

WFHUs will cost approximately:

Studio:	\$189,410
One Bedroom:	\$202,897
Two Bedroom:	\$230,020
Three Bedroom:	\$257,143
SF Home:	\$281,418

Q: How will buyers be selected?

A: Names of eligible purchasers will be placed in a lottery and units will be made available to selected participants in the order in which names are drawn. Separate lotteries will be held for MPDUs, WFHUs and for priority participants.

Q: What type of information will applicants have to supply to the City?

A: In addition to submitting an application, those seeking to participate in the program will be required to supply the following documentation: a credit report showing a minimum score of 500; tax information from the two most recent federal tax returns; two of the most recent pay stubs from all wage earners in the household and any other information deemed necessary to appropriately evaluate an application.

- Q: Can someone still participate in the program if they currently own a home?
- A: No, only first-time homebuyers, defined as someone who has not owned a home within the past five years, are eligible for the program.
- Q: Do purchasers have to live in the affordable unit once it is bought?
- A: Yes. Owners or renters of affordable units must occupy the unit as their sole residence. However, owners may temporarily rent out a unit upon receipt of a “good cause” waiver from the City Manager.
- Q: Are there any restrictions imposed after a unit is purchased or rented?
- A: Yes. A unit purchased under the program is subject to resale restrictions. Units may be sold only to eligible purchasers certified by the City and at a price determined by the City. The re-sale price will be limited to the sum of: the initial purchase price, the percent of change in the Consumer Price Index (CPI) over the period in which the unit is owned by the seller, and a credit for the fair market value of capital improvements to the property.
- Q: What if an addition has been put on the property? Will an owner receive credit for that when the unit is sold?
- A: Yes. As long as the seller can document the improvement with appropriate receipts and evidence of cost, credit will be awarded.
- Q: What if an owner puts up wallpaper in a unit? Can the owner get credit for that at the time of sale?
- A: No.
- Q: How long do restrictions on the property last?
- A: Restrictions remain on a unit for 30 years, starting from the date of the initial sale or rental of an affordable unit.
- Q: What happens when the restrictions expire? Can the unit be sold for any price and to anyone?
- A: Yes, the unit may be sold for any price the market will bear and it may be sold to any purchaser without restriction. However, for the first sale that occurs after the restrictions are no longer in effect, sellers are required to share the proceeds of the sale with the City. The amount the seller must share with the City will depend on how long the seller has owned the property. For example, a seller who has owned the property for 20 or more years will split the profit evenly with the City, but a

seller who has only owned a unit for 5 years when the restrictions expire will only receive 10% of the profits.

Q: Are there programs that can help with down payment and closing costs?

A: Yes. There are several State and County programs that can help. They include: American Dream Down Payment Initiative (ADDI), the Down Payment and Settlement Expense Program (DSELP), MMP Plus and House Keys 4 Employees.

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